



# APPOINTMENT OF STATUTORY AUDITORS 2025-26

## Invitation for Quotations



India's International Bank

**DIFC Branch**, 403, Gate Building, West Wing, P.O.  
Box 506748, DIFC, Dubai. U.A.E.

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Website: <http://www.bankofbarodauae.ae/DIFC>

*Regulated by the Dubai Financial Services Authority.*

## **Invitation Offer**

Bank of Baroda DIFC Branch Dubai invites quotes to appoint Auditors to carry out Audit for the Annual Audit for the period 01.01.2025 to 31.12.2025 and for the period 01.04.2025 to 31.03.2026 in terms of directives of Dubai Financial Services Authority (DFSA) and as per requirement of RBI regulations respectively for finalization of Bank accounts of DIFC Branch for consolidation at HO Level.

### **Scope of work:**

- ❖ Statutory Audit for the period 01.01.2025 to 31.12.2025 in respect of our DIFC Branch as per International Financial Reporting Standards (IFRS) for corporate tax audit purpose.
- ❖ Statutory Audit for the period 01.04.2025 to 31.03.2026 in respect of our DIFC Branch for consolidation at our Corporate Office at Mumbai, India as per the generally accepted accounting principles in India (Indian GAAP).
- ❖ Certification/audit of all prescribed statements/returns as sought by the regulators from time to time such as DFSA EPRS returns which are required for compliance as per home / host country regulations.
- ❖ Audit Report including Internal Financial Control /review report for host country should be as per the format given by the Central Statutory Auditors (Draft format attached) which will include the statements that the audit was performed as per guidelines stated in the Indian GAAP; Asset classification is done as per RBI norms on IRAC, etc.
- ❖ LFAR etc will have to be furnished strictly as per the format prescribed by our Corporate Office/RBI and no deviation/ deletion of any nature will be acceptable. (Format of LFAR for previous year is enclosed). The final format which may include additional requirement will be provided once it is received from Home country regulator Reserve Bank of India.
- ❖ Auditor will provide Group Auditor communication (SA 600 & other statement) in prescribed format given by Central Statutory Auditor.
- ❖ A report on operating effectiveness of Internal financial control has to be submitted by Statutory Branch Auditor as an Annexure to Independent Auditor Report, annually commenced from 2020-21 as per RBI guidelines.

### **Eligibility of Audit Firm (Eligibility Criteria):**

- ❖ The firm should have in depth knowledge of Statutory and regulatory guidelines of host country regulator (The DFSA) / Home country regulator (The Reserve Bank of India). The auditor should be registered with DFSA.
- ❖ The firm should submit Proof for having done audit of Indian Banks, if any, in foreign territories (may be appointment letter of bank with amount of fee strike off /RBI sanction letter for appointment)
- ❖ The firm should submit the Declaration /Undertaking/ Confirmation letter on their letter head for not having networking connection with SCA/SBA (Statutory Central Auditor/Statutory Branch Auditor) who is under cooling period for being appointed as SCA/SBA with Bank of Baroda. If found later, it will be treated as a disqualification.
- ❖ The firm should submit the Declaration /Undertaking that they should be approved auditor by local regulator (DFSA) and they should not be in cooling period as per the local regulations for being appointed at Bank of Baroda as SBA.
- ❖ The firm should submit Declaration / Undertaking that they are not involved in any internal consultancy or other activity / project with Bank of Baroda in India or outside India to steer clear of any element of vested interest.
- ❖ The firm should have sound reputation and there should be no adverse remark against the firm, with the Institute of Chartered Accountants (or other similar bodies) / Regulators / DFSA / Statutory Authorities / Various Law Enforcing Agencies, in India and UAE. (A suitable undertaking / declaration should be submitted by the audit firm to this effect).
- ❖ The firm should have sufficient number of Chartered Accountants / qualified assistants and support staff to ensure that the Audit work is conducted smoothly and within the timelines stipulated by the bank.

### **Other information:**

- Audit should be completed by 7<sup>th</sup> of next month from close of respective year as per Annual Closing Circular, specified letter, and other communication during the process of annual/quarterly closing activities carried out by Head Office/Corporate office.
- The quotation should clearly indicate fees for Annual Audit as per IFRS / Indian GAAP, Internal Financial Control (IFC), LFAR, Taxation work, Others (to be specified) and out of pocket expenses. No additional /separate fee will be payable for submission of any report/information/certificate/return/revised returns/statements related to Audit work or for any additional certification/Audit to comply any regulatory requirement. Further, the firm has to furnish Audit report with IFC Report/Review report/

LFAR etc. strictly as per the format prescribed by our Head Office and no deviation of any nature will be accepted.

- Appointment of Statutory Auditors is subject to approval of both the home and host country regulators.
- The audit should be conducted to confirm that the guidelines of Reserve bank of India, as applicable, is followed and any RBI/Statutory Central Auditor requirement will also be fulfilled by the territory auditors.
- The Audit firm which has completed -4- consecutive annual tenures as Auditors of the territory shall not be eligible for re-appointment for a 5th consecutive term, unless required for a period of more than 4 years by local regulator.
- The Audit firm shall not enter into any sub-contract for conduct of the Audit work.
- In case any statutory license / approval is required for conduct of Bank's Audit in the territory, the firm should have the necessary approvals & should produce on requirement.
- Firm shall provide Profile of the firm / partners (elaborating credentials, past experience, name of Banks/other institutions where Audit work carried out). It will also provide copy of trade license or commercial registration.
- The Audit work will include Internal Financial Control /certification /audit of all prescribed statements/returns including those required for compliance under BASEL-II/III as per Reserve Bank of India.
- It will also include taxation work.

**Submission of tender:**

Interested, eligible Audit Firms are requested to submit us the quotation with following information: -

- a. Profile of the firm / partners elaborating credentials, past experience, names of Banks / other financial institutions, where rendering services as auditors, full address with phone & fax numbers, etc
- b. Copy of Trade License of the audit firm.

c. Schedule of fee:

Details of fee								
Audit work	Taxation	LFAR	Internal Financial control	Others	Out of pocket exp	Total	Vat	Total incl vat

**Last date of submission:**

Tenders should be submitted with Bank of Baroda, DIFC Branch office at DIFC on or before 4<sup>th</sup> October 2024 by 6:00 pm (**Local time**).

The quotations to be submitted in two different Sealed Envelopes as technical and financial bid marked "Confidential" and should be addressed to:

The Senior Executive Officer  
Bank of Baroda, DIFC Branch  
403, Gate Building, West Wing,  
P.O. Box 506748,  
DIFC, Dubai. U.A.E.

**Right to Alter Scope** – The Bank reserves the right to alter the requirements specified in the RFP. The Bank also reserves the right to add/ modify/ delete one or more units from the list of items specified as part of the requirements for the period of the contract. Further the Firm/ bidder agrees that the prices quoted by the Firm/ bidder would be proportionately adjusted with such additions/ modifications/ deletions in scope.

If the Bank is not satisfied with the specifications as specified in the RFP and observes major deviations, the proposals of such Bidders will not be short-listed for further evaluation. No further discussions shall be entertained with such Bidders in respect of the proposal submission.

The Bidder shall indemnify, protect and save the Bank against all claims, losses, costs, damages, expenses, action, suits and other proceedings, resulting from infringement of any Patent, Trade Marks, Copyrights etc. or such other statutory infringements under all the prevailing laws in respect of deliverables/ output/ material supplied by them to the Bank from whatsoever source, provided the Bank notifies the Bidder in writing as soon as practicable when the Bank becomes aware of the claim.

The selected Bidder shall perform its obligations under this RFP as an independent contractor to the Bank, and shall not be permitted to engage any subcontractors to perform any of the Deliverables or Services. Neither this RFP nor the Bidder's performance of obligations under this RFP shall create an association, partnership, joint venture, or relationship of principal and agent, master and servant, or employer and employee, between the Bank and the Bidder or its employees, subcontractor; and

neither Party shall have the right, power or authority (whether expressed or implied) to enter into or assume any duty or obligation on behalf of the other Party.

The Bidder shall solely be responsible for all payments (including any statutory payments) to its employees and shall ensure that at no time shall its employees, personnel or agents hold themselves out as employees or agents of the Bank, nor seek to be treated as employees of the Bank for any purpose, including claims of entitlement to fringe benefits provided by the Bank, or for any kind of income or benefits. The Bidder alone shall file all applicable tax returns for all of its personnel assigned hereunder in a manner consistent with its status as an independent contractor of services; and the Bidder will make all required payments and deposits of taxes in a timely manner.

### **1.1. Contract Commitment**

The Bank intends that the contract commitment, which is contemplated herein with the successful Firm/ bidders, shall be for a period as defined by the Bank as per the specifications contained in this RFP.

### **1.2. Payment Terms**

The payment would be made to the Firm/ bidder by the Bank as per the terms of individual engagement terms and conditions agreed from time to time, within the ambit of the master agreement entered.

### **1.3. Sub-contracting**

Sub-contracting is not permitted.

## **2. General Terms and Conditions**

### **2.1. Dispute Resolution**

The Bank and the Firm/ bidder shall make every effort to resolve amicably, by direct informal negotiation between the respective project managers of the Bank and the Firm/ bidder, any disagreement or dispute arising between them under or in connection with the contract.

If the Bank's project manager/ Co-Ordinator and the Firm/ bidder project manager/ director/ Partner are unable to resolve the dispute after thirty days from the commencement of such informal negotiations, they shall immediately escalate the dispute to the senior authorized personnel designated by the Firm/ bidder and the Bank respectively.

If after thirty days from the commencement of such negotiations between the authorized personnel designated by the Firm/ bidder and the Bank, the Bank and the Firm/ bidder have been unable to resolve contractual dispute amicably, either party may require that the dispute be referred for resolution through formal arbitration or litigation as agreed between the parties.

### **2.2. Governing Laws**

The RFP and subsequent contract shall be governed and construed and enforced in accordance with DIFC Law, and both Parties shall agree that in respect of any dispute arising upon, over or in respect of any of the terms of this

Agreement, only the court in DIFC shall have exclusive jurisdiction to try and adjudicate such disputes to the exclusion of all other courts.

### **2.3. Notices and other Communication**

If a notice has to be sent to either of the parties following the signing of the contract, it has to be in writing and shall be sent personally or by certified or registered post with acknowledgement due or overnight courier or email duly transmitted, facsimile/fax transmission (with hard copy to follow for email), addressed to the other party at the addresses and email.

Notices shall be deemed given upon receipt, except that notices sent by registered post in a correctly addressed envelope shall be deemed to be delivered within 5 working days (excluding Saturday and public holidays) after the date of mailing/ dispatch and in case the communication is made by facsimile transmission or email, on business date immediately after the date of successful facsimile/email transmission (that is, the sender has a hard copy of a confirm/ bidderati on page evidencing that the facsimile was completed in full to the correct fax number or email sent to correct email address)

Any Party may change the address, email address and fax number to which notices are to be sent to it, by providing written notice to the other Party in one of the manners provided in this section.

### **2.4. Force Majeure**

The Firm/ bidder shall not be liable for forfeiture of its performance security, liquidated damages, penalties or termination for default, if any to the extent that its delay in performance or other failure to perform its obligations under the contract is the result of an event of Force Majeure.

For purposes of this Clause, "Force Majeure" means an event explicitly beyond the reasonable control of the Firm/ bidder and not involving the Firm/ bidder's fault or negligence and not foreseeable.

If a Force Majeure situation arises, the Firm/ bidder shall promptly notify the Bank in writing of such conditions and the cause thereof within fifteen calendar days. Unless otherwise directed by the Bank in writing, the Firm/ bidder shall continue to perform Firm/ bidder's obligations under this Agreement as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

In such a case the time for performance shall be extended by a period(s) not less than duration of such delay. If the duration of delay continues beyond a period of three months, the Bank and the Firm/ bidder shall hold consultations in an endeavour to find a solution to the problem.

## **2.5. Assignment**

The Firm/ bidder agrees that it shall not be entitled to assign any or all of its rights and or obligations under this RFP and subsequent Agreement to any entity including the Firm/ bidder's affiliate without the prior written consent of the Bank.

If the Bank undergoes a merger, amalgamation, takeover, consolidation, reconstruction, change of ownership, etc., this RFP along with the subsequent Addendums published shall be considered to be assigned to the new entity and such an act shall not affect the rights of the Firm/ bidder under this RFP.

## **2.6. Waiver**

No failure or delay on the part of either party relating to the exercise of any right power privilege or remedy provided under this RFP document or subsequent agreement with the other party shall operate as a waiver of such right power privilege or remedy or as a waiver of any preceding or succeeding breach by the other party nor shall any single or partial exercise of any right power privilege or remedy preclude any other or further exercise of such or any other right power privilege or remedy provided in this RFP document all of which are several and cumulative and are not exclusive of each other or of any other rights or remedies otherwise available to either party at law or in equity.

## **2.7. Termination**

The Bank shall have the option to terminate subsequent agreement and/ or any particular order, in whole or in part by giving Firm/ bidder at least 30 days prior notice in writing. It is clarified that the Firm/ bidder shall not terminate this RFP & the subsequent Agreement for convenience.

However, the Bank will be entitled to terminate this RFP and any subsequent agreement, if Firm/ bidder breaches any of its obligations set forth in this RFP and any subsequent agreement and

- Such breach is not cured within forty-five (45) Days after Bank gives written notice; or
- If such breach is not of the type that could be cured within forty-five (45) Days, failure by Firm/ bidder to provide Bank, within forty five (45) Days, with a reasonable plan to cure such breach, which is acceptable to the Bank.

The Firm/ bidder understands the strategic importance of this Assignment and that it would require tremendous commitment of technical resources for the same from the Firm/ bidder for the tenure of this RFP and subsequent Agreement. The Parties therefore agree and undertake that an exit at any point in time resulting due to expiry or termination of this RFP and subsequent Agreement for any reason whatsoever would be a slow process over a period of three (3) months, after the completion of the notice period of three (3) months. During this period, the Firm/ bidder shall continue to provide the Deliverables and the Services in accordance with this RFP and subsequent Agreement and shall maintain the agreed Service levels.



Immediately upon the date of expiration or termination of the RFP and subsequent Agreement, the Bank shall have no further obligation to pay any fees for any periods commencing on or after such date.

Without prejudice to the rights of the Parties, upon termination or expiry of this RFP and subsequent Agreement, the Bank shall pay to Firm/ bidder, within thirty (30) days of such termination or expiry, of the following:

- All the undisputed fees outstanding till the date of termination;

Upon the termination or expiry of this RFP and subsequent Agreement: The rights granted to the Firm/ bidder shall immediately be terminated.

- Upon the Bank's request in writing, the Firm/ bidder shall be under an obligation to transfer to the Bank or its designee(s) the Deliverables being used by the Firm/ bidder to perform the Services free and clear of all liens, security interests, or other encumbrances at a value calculated as stated.

## **2.8. Publicity**

Any publicity by the Firm/ bidder in which the name of the Bank is to be used should be done only with the explicit written permission of the Bank.

## **2.9. Solicitation of Employees**

The Firm/ bidder during the term of the contract shall not without the express written consent of the Bank, directly or indirectly: a) recruit, hire, appoint or engage or attempt to recruit, hire, appoint or engage or discuss employment with or otherwise utilize the services of any person who has been an employee or associate or engaged in any capacity, by the Bank in rendering services in relation to the contract; or b) induce any person who shall have been an employee or associate of the Bank at any time to terminate his/ her relationship with the Bank.

## **2.10. Inspection of Records**

All Firm/ bidder records with respect to any matters covered by this RFP shall be made available to auditors and/or inspecting officials of the Bank and/or DFSA and/or any regulatory authority, at any time during normal business hours, as often as the Bank deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. The said records are subject to examination accordingly.

## **2.11. Compliance with Laws**

The Firm/ bidder shall undertake to observe, adhere to, abide by, comply with and notify the Bank about all the prevailing laws in force or as are or as made applicable in future, pertaining to or applicable to them, their business, their employees or their obligations towards them and all purposes of this RFP and shall indemnify, keep indemnified, hold harmless, defend and protect the Bank and its employees/ officers/ staff/ personnel/ representatives/ agents from any failure or omission on its part to do so and against all claims or demands of liability and all consequences that may occur or arise for any default or failure on its part to conform or comply with the above and all other statutory obligations

arising there from. Compliance with all applicable laws shall be limited to laws which are directly/ indirectly affecting Bank's business due to the services provided as part of this RFP. However statutory compliance for providing the service mentioned in the RFP needs to be carried out by the Firm/ bidder.

The Firm/ bidder shall promptly and timely obtain all such consents, permissions, approvals, licenses, etc., as may be necessary or required for any of the purposes of this assignment or for the conduct of their own business under any applicable Law, the Government Regulation/Guidelines and shall keep the same valid and in force during the term of the assignment, and in the event of any failure or omission to do so, shall indemnify, keep indemnified, hold harmless, defend, protect and fully compensate the Bank and its employees/ officers/ staff/ personnel/ representatives/agents from and against all claims or demands of liability and all consequences that may occur or arise for any default or failure on its part to conform or comply with the above and all other statutory obligations arising there from and the Bank will give notice of any such claim or demand of liability within reasonable time to the Firm/ bidder.

The Firm/ bidder is not absolved from its responsibility of complying with the statutory obligations as specified above. Indemnity shall exclude indirect, consequential, and incidental damages.

#### **2.12. Order Cancellation**

The Bank will provide the selected Firm/ bidder a remedy period of 30 days to rectify a default or given situation. The Bank will provide in writing the nature of the default to the selected Firm/ bidder through a letter or mail correspondence. The 30-day time period will commence from the day the Bank has sent such correspondence to the selected Firm/ bidder.

The Bank reserves its right to cancel the order in the event of one or more of the following situations, that are not occasioned due to reasons solely and directly attributable to the Bank alone:

- Delay in implementation beyond the specified period that is agreed in the contract that will be signed with the successful Firm/ bidder.
- Discrepancy in the quality of service/ security expected during the implementation, rollout, and subsequent maintenance process.
- Failure of the Firm/ bidder make good the situation within the remedy period
- The selected Firm/ bidder commits a breach of any of the terms and conditions of the RFP/ contract.
- The selected Firm/ bidder becomes insolvent or goes into liquidation voluntarily or otherwise
- An attachment is levied or continues to be levied for a period of 7 days upon effects of the tender.

#### **2.13. Indemnity**

The Firm/ bidder shall indemnify the Bank, and shall always keep indemnified and hold the Bank, its employees, personnel, officers, directors, (hereinafter collectively referred to as "Personnel") harmless from and against any and all losses, liabilities, claims,

actions, costs, and expenses (including attorneys' fees) relating to, resulting directly or indirectly from or in any way arising out of any claim, suit or proceeding brought against the Bank as a result of:

- The Bank's authorized/ bona fide use of the Deliverables and /or the Services provided by the Firm/ bidder under this RFP; and/or
- an act or omission of the Firm/ bidder and/or its employees, in performance of the obligations under this RFP; and/or
- claims made by employees who are deployed by the Firm/ bidder, against the Bank; and/or claims arising out of employment, non-payment of remuneration and non-provision of statutory benefits by the Firm/ bidder to its employees
- breach of any of the term of this RFP or breach of any representation or false representation or inaccurate statement or assurance or covenant or warranty of the Firm/ bidder under this RFP; and/or
- any or all Deliverables or Services infringing any patent, trademarks, copyrights or such other Intellectual Property Rights; and/or breach of confidentiality obligations of the Firm/ bidder contained in this RFP; and/or
- Negligence or gross misconduct attributable to the Firm/ bidder or its employees.

Indemnity would cover damages, loss or liabilities actually suffered by the Bank arising out of claims made by customer and / or regulatory authorities for reasons attributable to breach of obligations under this RFP and subsequent agreement by the Firm/ bidder which is limited to the contract value /total fee quote.

In the event of bidder not fulfilling its obligations under this clause within the period specified in the notice issued by the BOB, Bank has the right to recover the amounts due to it under this provision from any amount payable to the successful bidder under this project.

The indemnities under this clause are in addition to and without prejudice to the indemnities given elsewhere in this RFP / subsequent agreement.

#### **2.14. Corrupt and Fraudulent Practices**

It is required that Firm/ bidders/ Suppliers/ Contractors observe the highest standard of ethics during the procurement and execution of such contracts in pursuance of this policy:

- "Corrupt Practice" means the offering, giving, receiving, or soliciting of anything of values to influence the action of an official in the procurement process or in contract execution AND
- "Fraudulent Practice" means a misrepresentation of facts in order to influence a procurement process or the execution of contract to the detriment of the Bank and includes collusive practice among Firm/ bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the Bank of the benefits of free and open competition.

The Bank reserves the right to reject a proposal for award if it determines that the Firm/ bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the contract in question.

The Bank reserves the right to declare a Firm/ bidder ineligible, either indefinitely or for a stated period of time as per the Bank's discretion, to be awarded a contract if at any time it determines that the Firm/ bidder has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

#### **2.15. Violation of Terms**

The Bank shall be entitled to an injunction, restraining order, right for recovery, suit for specific performance or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain the Firm/ bidder from committing any violation or enforce the performance of the covenants, obligations and representations contained in this RFP. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Bank may have at law or in equity, including without limitation a right for recovery of any amounts and related costs and a right for damages.

#### **2.16. Authorized Signatory**

The selected Firm/ bidder shall indicate the authorized signatories who can discuss and correspond with the Bank, with regard to the obligations under the contract. The selected Firm/ bidder shall submit, at the time of signing the contract, a letter signed by all the partners, authorizing an official or officials of the Firm/ bidder or a Power of Attorney copy to discuss, sign agreements/contracts with the Bank. The Firm/ bidders shall furnish proof of signature identification for above purposes as required by the Bank.

#### **2.17. Non-Disclosure Agreement**

The selected Firm/ bidder shall execute a Non-Disclosure Agreement (NDA) and Service level agreement (SLA). The selected Firm/ bidder shall execute the NDA & SLA within 30 days from the date of acceptance of letter of appointment. The confidentiality obligations shall survive the expiry or termination of the agreement between the Firm/ bidder and the Bank.

#### **2.18. Right to Reject Proposals**

The Bank reserves the absolute and unconditional right to reject the response to this RFP if it is not in accordance with its requirements and no correspondence will be entertained by the Bank in the matter. Proposals received from Respondents are liable to be rejected if:

- It is not in conformity with the instructions mentioned in the RFP document.
- It is not properly or duly signed.
- It is received through e mail / fax.
- It is received after expiry of the due date and time.
- It is incomplete including non- furnishing the required documents.
- It is evasive or contains incorrect information.
- There is canvassing of any kind.
- It is submitted anywhere other than the place mentioned in the RFP.

#### **2.19. Limitation of Liability**

- The Firm/ bidder's aggregate liability, in connection with obligations undertaken as a part of this Assignment, whether arising under this assignment regardless of the form or nature of the action giving rise to such liability (whether in contract, tort or otherwise),

other than the circumstances mentioned in the Para 2 of this clause, shall be limited to the total contract value/total bidding value.

- The Firm/ bidder's liability in case of claims against the Bank resulting from its wilful misconduct or gross negligence, or loss suffered by Bank due to damage to real or tangible or intangible property by Service Provider, its employees and/ or subcontractors or loss suffered by Bank, due to infringement of patents, trademarks, copyrights or such other Intellectual Property Rights or breach of confidentiality obligations committed by the Firm/ bidder shall be actual.
- Under no circumstances, Bank shall be liable to the Firm/ bidder for direct, indirect, incidental, consequential, special, or exemplary damages arising from termination of this Agreement, even if Bank has been advised of the possibility of such damages.

#### **2.20. RFP Postponement / Cancellation / Rejection**

Bank of Baroda may, at its sole and absolute discretion, reject any and all, or parts of any and all, proposals; re-advertise this RFP; postpone or cancel, at any time, this RFP process; or waive any irregularities in this RFP or in any proposals received as a result of this RFP.

#### **3. Disclaimer**

Subject to any law to the contrary, and to the maximum extent permitted by law, the Bank and its directors, officers, employees, contractors, representatives, agents, and advisors disclaim all liability from any loss, claim, expense (including, without limitation, any legal fees, costs, charges, demands, actions, liabilities, expenses or disbursements incurred therein or incidental thereto) or damage, (Whether foreseeable or not) ("Losses") suffered by any person acting on or refraining from acting because of any presumptions or information (whether oral or written and whether express or implied), including forecasts, statements, estimates, or projections contained in this RFP document or conduct ancillary to it whether or not the Losses arises in connection with any ignorance, negligence, inattention, casualness, disregard, omission, default, lack of care, immature information, falsification or misrepresentation on the part of the Bank or any of its directors, officers, employees, contractors, representatives, agents, or advisors.

## **Independent Bank Branch Auditor's Report**

**To**

**Statutory Central Auditors**

**Bank of Baroda**

### **Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

1. We have audited the accompanying financial statements of ....., (the branch) of Bank of Baroda (the Bank) as on 31st March, 2026, which comprise the Balance Sheet (Closing Return No. 1) as at 31st March, 2026, Profit and Loss Account (Closing Return No. 2) for the year then ended and other explanatory information in which are included returns and certificates for the year then ended identified by us, as per closing circular no. BCC: BR: 116/181 dated March 21, 2024 issued by the Bank,.
2. In our opinion and to the best of our information and according to the explanations given to us, read with the Memorandum of Changes (mentioned in paragraph 8 below), the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of:
  - (i) the state of affairs in case of the Balance Sheet of the branch as at March 31, 2026 and
  - (ii) true balance of profit/loss for the year ended on that date.

#### **Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance

with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements in India, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

<b>Key Audit Matter</b>	<b>Principal Audit Procedures (How the matter was addressed in our audit)</b>
Nil (In case nothing to report)	

### **Management’s Responsibilities for the Financial Statements**

5. The Branch Management is responsible with respect to the preparation of these financial statements that give true and fair view of the financial position and financial performance of the Bank’s Branch in accordance with the accounting principles generally accepted in India, including the applicable Accounting Standards, and provisions of section 29 of the Banking Regulation Act, 1949 (‘Act’) and circulars and guidelines issued by the Reserve Bank of India (‘RBI’) from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial

statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Branch is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the audit of the Financial Statements**

6. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- To obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Report that the audit at branch level is not able to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained at branch, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

7. (i) No adjustments/provisions have been made in the accounts of the Branch in respect of matters usually dealt with at Head Office, including in respect of:
- (a) Compliance with Accounting Standards AS-1, AS-10, AS-11, AS-15, AS-17, AS-18, AS-20, AS-22, and AS-28 issued by the Institute of Chartered Accountants of India which shall be dealt with and commented upon at the Head Office level;
  - (b) Terminal permissible benefits to eligible employees on their retirement (including additional retirement benefits), Gratuity, Pension, liability for leave encashment benefits and other benefits covered in terms of 'AS 15 – Employee Benefits' issued by the Institute of Chartered Accountants of India;
  - (c) Arrears of salary/wages/allowances/bonus, ex gratia and other similar expenses if any, payable to staff;
  - (d) Staff welfare contractual obligations;
  - (e) Old unreconciled/unlinked debit entries under various heads comprising Inter branch/office Adjustments, Currency chest A/c, NOSTRO A/cs, IBTA, Baroda RTGS Account, debit card Pool Account, Sensitive accounts, branch suspense a/c etc.;
  - (f) Auditors' Fees and Expense;:-
  - (g) Provision for standard Assets (Certificate 37,38 and 45);
  - (h) Provision for Non-Performing Assets (Return 15-20);
  - (i) Provision for Current and Deferred Tax;
  - (j) Provision for interest on overdue term deposit
  - (k) Provisions for contingencies;
  - (l) Assigning risk weights to assets other than advances;
  - (m) Provision for differences, if any, in the interoffice accounts including Government accounts;
  - (n) Provision for country risk, if any;
  - (o) Depreciation on premises owned by the Branch;
  - (p) Provision for Unhedged Foreign Currency Exposure (Annexure XI to closing Circular);
  - (q) Provision for unrealized income parked in Proxy account;
  - (r) Provision for Diminution in fair value of Restructured Assets (Certificate 8);
  - (s) Provision for Claims Against branch not Acknowledged as debt (Return 4 & 4A);
  - (t) Profit/Loss on Revaluations/Restatements as per Accounting Standard 11 "The effects of changes in Foreign Exchange Rates;
  - (u) Provisions for Unapplied/ Failed Interest booking;
  - (v) Provision / adjustment relating to Government Business/Bancassurance;

- (w) Provision for Frauds
- (x) Provision for unreconciled office accounts/ Other Assets (Return 7 , 8 and 23)
- (y) Guarantee fee payable to DICGC for Deposit Insurance.
- (z) Any other provision/adjustment made by Head Office

8. The following is a summary of Memorandum of Changes submitted by us to the branch management:

Amount in Rs.

<b>Memorandum of Changes (summary)</b>				
	<b>Increase</b>		<b>Decrease</b>	
	<b>(No. of items)</b>	<b>(Rs.)</b>	<b>(No. of items)</b>	<b>(Rs.)</b>
In respect of :				
a. Income				
b. Expenditure				
c. Assets				
d. Liabilities				
e. Gross NPAs				
f. Provision on NPAs				
g. Classification of Advances				
h. Risk Weighted Assets				
i. Other items (if any)				

#### **Report on Other Legal and Regulatory Requirements**

9. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 Banking Regulations Act, 1949.
10. Subject to the limitations of the audit indicated in paragraph 6 to 8 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980 and subject also to the limitations of disclosure required therein, we report that;
- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
  - b) The transactions of the Branch, which have come to our notice, have been within the powers of the Branch; and
  - c) The returns received from the Branch have been found adequate for the purposes of our

audit;

11. As required by the RBI via letter no. DOS.ARG. No.6270 /08.91.001/2019-20 dated March 17, 2020 (as amended), we further report on the matters specified in paragraph 2 of the aforesaid letter as under:

- a) There are no observations or comments on financial transactions or matters which have any adverse effect on the functioning of the branch.
- b) There are no qualification, reservation or adverse remarks relating to the maintenance of accounts and other matters connected therewith.
- c) Our Audit report on the adequacy and operating effectiveness of the Branch's internal financial controls with reference to financial statements is given in **Annexure 'A'** to this report. Our report expresses an unmodified opinion on the Branch's operating effectiveness of internal financial controls over financial reporting as at March 31,2026.

12. We further report that:

- a) In our opinion, proper books of account as required by law have been kept by the Branch so far as it appears from our examination of those books;
- b) The Balance Sheet and the Profit and Loss account dealt with by this report are in agreement with the books of account;
- c) In our opinion, the Balance Sheet and the Profit and Loss Account comply with the applicable accounting standards, to the extent they are not inconsistent with the accounting policies prescribed by RBI.

**For**

.....

**Chartered Accountants**

**Firm's Registration Number: .....**

**Date:**

**Place:**

**(Partners Name)**

**Partner**

**Membership No:**

**UDIN:**

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 11 (c) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

**Report on the Operating Effectiveness of Internal Financial Controls over Financial Reporting as required by the Reserve Bank of India (the “RBI”) Letter DOS.ARG. No.6270/08.91.001/2019-20 dated March 17, 2020 (as amended). (The “RBI communication”)**

We have audited the operating effectiveness of the internal financial controls over financial reporting of ..... (“the Branch”) of Bank of Baroda (“the Bank”) as of March 31, 2026 in conjunction with our audit of the standalone financial statements of the Branch for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Branch’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Branch considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Banking Regulation Act, 1949 and the circulars and guidelines issued by the Reserve Bank of India.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the operating effectiveness of internal financial controls over financial reporting of the Branch based on our audit. Our audit of internal financial controls over financial reporting did not include an evaluation of the adequacy of the design and implementation of such internal financial controls over financial reporting since those aspects are audited by the Statutory Central Auditors of the Bank.

We conducted our audit based on the instructions provided by the Statutory Central Auditors of

the Bank and in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “ICAI”) and the Standards on Auditing (SAs) issued by the ICAI, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls over financial reporting operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the operating effectiveness of the internal financial controls over financial reporting of the Branch. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the operating effectiveness of the Branch’s internal financial controls over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

Branch’s Bank’s internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Branch’s internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Branch; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Branch are being made only in accordance with authorisations of management of the Branch; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Branch’s assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the

internal financial controls /over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Branch has, in all material respects, internal financial controls over financial reporting that were operating effectively as at March 31, 2026, based on “the criteria for internal control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

**For.....**

**Chartered Accountants**

**Firm's Registration Number:**

**Date:**

**Place:**

**(Partners Name)**

**Partner**

**Membership No:**

**UDIN :**

Name of the Firm  
Address of the Firm

---

Date:

To  
The Statutory Branch Auditors

**Re: Statutory Audit of standalone financial statements of Bank of Baroda**

Dear Sir,

We are the Statutory Central Auditors of **Bank of Baroda** (hereinafter referred to as “the Bank”). The Branch /es allotted to you for the purpose of statutory audit is one of the components to be consolidated in the standalone financial statements of the Bank in terms of applicable Accounting Standards. In view of the same, the financial statements of the Component will be considered for consolidation while preparation of the standalone financial statements of the Bank.

We have been informed by the Management of the Bank that you have been appointed as the Statutory Auditors of the Branches allotted to you in terms of your appointment letter issued and you would be issuing your report on the financial statements of the Branches allotted to you.

We would be using your work in respect of the standalone financial statements of the Branch (Component), while reporting on the standalone financial statements of the Bank. In terms of SA 600, we are required to have sufficient liaison with you with respect to your work relating to the Component and you should co-ordinate with the Principal auditor i.e. us. In view of the same, during planning, performance, or completion of the audits, please communicate with us immediately if:

- Timing of the work creates an irresolvable problem;
- Instructions issued by the Bank management are not fully understood;
- Any situations in which your independence has been or may appear to be impaired;
- Issues are identified that may affect work performed outside your territory, or
- You become aware of events, transactions, or recent or proposed legislative changes that may have a significant impact on the component or other members of the Group (e.g., instances of fraud, significant changes to the level of control reliance, illegal acts, etc.).

You are requested to report on the Components’ Internal Financial Control with reference to Financial Statements as at March 31, 2026 (‘IFCoFR’) based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. In addition, you are also requested to insert section on “Key audit Matters” in terms of SA 701.

To facilitate the co-ordination between us, we attach herewith draft of a letter highlighting the broad terms of our understanding. You are requested to go through the same and confirm the understanding on those lines at the earliest.



Please do not hesitate to contact us, should you have any question concerning these understanding or any other matter concerning the audit of financial statements of the Bank.

Name of the Firm (Email Id)  
Chartered Accountants

Name of the Firm (Email Id)  
Chartered Accountants

Name of the Firm (Email Id)  
Chartered Accountants

Name of the Firm (Email Id)  
Chartered Accountants

Name of the Firm (Email Id)  
Chartered Accountants

DRAFT FORMAT

**(ON THE LETTER HEAD OF THE BRANCH AUDITOR)**

To,

Date:

Name of the Firm  
Address of the Firm

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Dear Sirs,

**Re: Statutory Audit for the financial year 2025-26**

This letter is provided in connection with your audit of the financial statements of **Bank of Baroda** (hereinafter referred to as "the Bank") for the year ended March 31, 2026 and in terms of Standard on Auditing SA 600 on "Using the Work of Another Auditor".

We confirm the receipt of instructions from the Bank requesting us to perform the work on the financial statements of \_\_\_\_\_ **Branch** (hereinafter referred to as "the Branch") of the Bank for the financial year 2025-26 so that the same are considered for consolidation. We also confirm receipt of copy of your presentation which was presented by one of the Statutory Central Auditor (SCA) firms at the meeting organized by the Bank of the Branch Auditors to discuss the audit process for the year 2025-26.

In connection with the work that we will perform on the financial statements of the Branch, we understand that we need to draw your attention to those matters arising from our work on the financial statements of the Branch which we believe you need to be aware of in your audit of the financial statements of the Bank.

**Independence:**

We are aware that Bank of Baroda is a listed entity in India. In order to maintain compliance with applicable professional standards and regulatory and legal requirements, each participating Branch Auditor Firm is responsible for verifying that it and its engagement personnel are appropriately independent of the Bank and its Subsidiaries, Associates and Joint Ventures (the "Group") as per the independence requirements.

Independence requirements applicable to this engagement are as per the Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of India (ICAI). We will intimate you immediately of any situations in which our independence has been or may appear to be impaired. Additionally, we hereby confirm that we are not providing /have not provided any of the prohibited services as per RBI / ICAI guidelines to the Group which will disqualify us from acting as a Statutory Branch Auditor nor we are subject to any disqualification as per applicable RBI guidelines.

**Key Audit Matters**

We are aware that Standard on Auditing (SA) 701, “Communicating Key Audit Matters in the Independent Auditor’s Report” applies to audit all listed entities. KAMs are those matters that, in the auditor’s professional judgment, were of most significance in the audit of the financial statements of the current period. We understand that in determining the KAMs in your audit report on the financial statements of the Bank as a whole in terms of SA 701, you would be considering the KAMs identified by us. Accordingly, we hereby confirm that we will include a section on KAMs in our Audit report on the Branch. In the event, there are no key audit matters to be communicated in respect of the Branch, we will state as under:

“We have determined that there are no key audit matters to communicate in our report for \_\_\_\_\_ branch”

### **Internal Financial Controls**

Reserve Bank of India vide their letter dated March 17, 2020 addressed to all banks, have directed the auditors to report on “Whether the bank has adequate internal financial controls system with reference to Financial Statements and the operating effectiveness of such controls”

In compliance with the directions of the Reserve Bank of India, we confirm that we have audited the adequacy of the Internal Financial Controls with reference to Financial Statements of the \_\_\_\_\_ branch of the Bank and the operating effectiveness of such controls. Our report on Internal Financial Controls is attached to our audit report as Annexure A.

### **We acknowledge that:**

1. The financial statements of the Component will be included in the financial statements of the Bank.
2. You intend to use our work for the audit of the financial statements of the Bank and our report on the financial statements of the Component will be relied upon and referred to by you.
3. There were no limitations on the scope of our audit that limits our ability to provide you with any information that you or the Bank has requested.

### **We confirm that:**

1. The financial statements of the Branch are prepared in accordance with the accounting principles generally accepted in India including the Accounting Standards applicable to banks, provisions of Section 29 of the Banking Regulation Act, 1949 and the circulars and guidelines issued by Reserve Bank of India (“RBI”) from time to time.
2. The instructions issued by the Bank were clear and there were no ambiguities and we have complied with such instructions.
3. While auditing the financial statements including various certificates and returns of the Branch, we have performed audit procedures that an auditor is required to perform in terms of Guidance Note on Audit of Bank (Edition Revised 2024) issued by the Institute of Chartered Accountants of India.

4. As requested by the Bank/ the Branch, we will cooperate with you and provide you with such information as may be required for the purposes of your verification of financial statements and issue of your report thereon.
5. We further confirm that we have complied with all the requirements of Standards of Quality Control 1 (SQC-1) issued by the Institute of Chartered Accountants of India.

**In connection with the work that we have performed or will perform on the financial statements of the Branch, we confirm the following:**

1. We have an understanding of Standards on Auditing issued by Institute of Chartered Accountants of India and Regulations relating to duties of the auditors. We have conducted our work on the financial statements of the Component for the financial year 2025-26 in accordance with those standards and Regulations.
2. We will retain our engagement documentation for a period of at least seven years or so much longer as needed due to legal procedures and provide a copy of such documentation or extract thereof, if required.
3. The branch level materiality level considered by us is Rs. .... Crore. The bank level materiality level considered by all the firms of the Statutory Central Auditors of the Bank is **Rs \_\_\_\_\_ Crore**. For the purposes of this exercise, the materiality threshold considered by us for the Branch is lower than the materiality level considered for the bank as a whole.
4. We believe that you, as Statutory Central Auditors of the Bank's financial statements, need to be aware of the matters stated hereunder which have arisen from our work on the financial statements of the Branch. In addition, we will draw your attention to such matters which may arise in the course of performance of our engagement.
  - a)
  - b)
  - c) *[In case there are no such matters, please state so]*
5. We will share the content of the Management Representations obtained by us from the Management of the Branch and our communication to Branch/Bank with you to enable you to evaluate implication of the same on the bank financial statements.

or

We attach herewith copy of the Management Representations obtained by us from the Management of the Branch and our communication to the Branch/Bank to enable you to evaluate implication of the same on the bank financial statements.

or

In our opinion, Management Representations obtained by us from the management of the Branch and our communication to the Branch/Bank will not have any implication on the bank's financial statements and accordingly, the same are not shared with you.

6. The details of uncorrected material misstatements as a result of fraud or errors are as under:
  - a)

b)

c) [In case there are no such cases, please state so]

In addition, we will communicate to you all the cases of detected or suspected instances of fraud. / Details of all detected or suspected instances of fraud are as under:

a)

b)

c) [In case there are no such cases, please state so]

7. There are no related party transactions recorded in the books of the Branch which require disclosure and/or elimination during the preparation of Consolidated financial statements .

or

The details of related party transaction during the year are given hereunder:

Pls provide details.

8. We will inform you if there are any limitations on the scope of our review that limits our ability to provide you with any information that you or the Bank has requested.

The Branch engagement team responsible for the audit is as follows:

Name	Role	Telephone	E-mail
[insert name]	Engagement Partner	[insert number]	[insert address]
[insert name]	Manager	[insert number]	[insert address]

We will update you if there are any changes during the course of the work on the financial Statements of the Branch.

9. **The exceptions /reservations (other than items that will be reported as Memorandum of Changes) are as under:**

\_\_\_\_\_ / (Nil)

If you need any clarification or further information, we would be happy to provide the same on hearing from you.

For \_\_\_\_\_

Chartered Accountants

Firm Registration No

(Name)

Membership No.

## 1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention unless otherwise stated. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprises statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Accounting Standards/ guidance notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India. In respect of foreign offices, statutory provisions and practices prevailing in respective foreign countries are complied with.

## 2 USE OF ESTIMATES

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) as of date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised prospectively in the current and future periods unless otherwise stated.

## 3 INVESTMENTS AND DERIVATIVES:

The Bank is following uniform methodology of accounting for investments on settlement date basis. Classification and valuation of the Bank's investments are carried out in accordance with RBI Master Circular RBI/DOR/2021-22/81 DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021.

### 3.1 Classification

#### a) Basis of classification

In compliance with the Reserve Bank of India guidelines, the investment portfolio of the Bank is classified into

- i) "Held to Maturity" (HTM) comprising Investments acquired with the intention to hold them till maturity.
- ii) "Held for Trading" (HFT) comprising Investments acquired with the intention to trade. Securities that are held principally for resale within 90 days from the date of purchase are classified under the HFT category.
- iii) "Available for Sale" (AFS) comprising Investments not covered by (a) and (b) above i.e. those which are acquired neither for trading purposes nor for being held till maturity.

For the purpose of disclosure in the balance sheet, investments are classified as disclosed in Schedule 8 ('Investments') under six groups (a) government securities (b) other approved securities (c) shares (d) bonds and debentures (e) subsidiaries and joint ventures and (f) others.

#### b) Cost of acquisition

Cost such as brokerage pertaining to investments, paid at the time of acquisition and broken period interest are charged to the profit & loss account as per the RBI guidelines.

#### c) Transfer between categories

Reclassification of investments from one category to the other, if done, is in

accordance with RBI guidelines. Transfer of scrip from AFS / HFT category to HTM category is made at the lower of book value or market value. In the case of transfer of securities from HTM to AFS / HFT category, the investments held under HTM at a discount are transferred to AFS / HFT category at the acquisition price and investments placed in the HTM category at a premium are transferred to AFS / HFT at the amortized cost.

Transfer of investments from AFS to HFT or vice-a-versa is done at the book value. Depreciation carried, if any, on such investments is also transferred from one category to another.

The transfer of a security between these categories is accounted for at the acquisition cost / book value / market value on the date of transfer, whichever is the least, and the depreciation, if any, on such transfer is fully provided for.

### **3.2 Valuation**

Investments classified as "Held to Maturity" are carried at weighted average acquisition cost unless it is more than the face value, in which case the premium is amortized over the period remaining to maturity. Amortization expense of premium on investments in the HTM category is deducted from interest income in accordance with RBI Master Circular RBI/DOR/2021-22/81 DOR.MRG.42/21.04.141/2021-22 dated August 25, 2021.

Investments classified as "Held to Maturity" includes debentures / bonds which are deemed to be in the nature of / treated as advances (for which provision is made by applying the Reserve Bank of India prudential norms of assets classification and provisioning applicable to Advances).

Investments in Regional Rural Banks, Treasury Bills, Commercial Papers and Certificates of Deposit which have been valued at carrying cost.

Pass through Certificates purchased for priority sector lending requirements are valued at Book Value in accordance with RBI guidelines.

Investments in subsidiaries, joint ventures, and associates (both in India and abroad) are valued at acquisition cost less diminution, other than temporary in nature.

Bank's investments in units of Venture Capital Funds (VCFs) made after August 23, 2006 are classified under HTM category for initial period of three years and are valued at cost. After period of three years from date of disbursement, it will be shifted to AFS category. These are valued using Net Assets Value shown by VCF as per the financial statements or declared NAV as per Reserve Bank of India guidelines. If NAV/ audited financials are not available for more than 18 months continuously then at Re. 1/- per VCF

Investments categorized under AFS and HFT categories are Marked-to-Market (MTM) on a periodical basis as per relevant RBI guidelines. Net depreciation, if any, in the category under the classification mentioned in Schedule 8 ('Investments') is recognized in the profit and loss account. The net appreciation, if any, in the category under each classification is ignored, except to the extent of depreciation previously provided. The book value of individual securities is not changed consequent to periodic valuation of investments.

Investments received in lieu of restructured advances scheme are valued in accordance with RBI guidelines. Any diminution in value on these investments is provided for and is not used to set off against appreciation in respect of other performing securities in that category. Depreciation on equity shares acquired and held by the Bank under restructuring scheme is provided as per RBI guidelines.

At the end of each reporting period, security receipts issued by the asset reconstruction company are valued in accordance with the guidelines applicable to such instruments, prescribed by RBI from time to time. Accordingly, in cases where the cash flows from security receipts issued by the asset reconstruction company are limited to the actual realization of the financial assets assigned to the instruments in the concerned scheme, the Bank reckons the net asset value obtained from the asset reconstruction company from time to time, for valuation of such investments at each reporting date. In case of investment in Security Receipts on or after April 1, 2017 which are backed by more than 50% of the stressed assets sold by the bank, provision for depreciation in value is made at higher of – provisioning rate required in terms of net assets value declared by Reconstruction Company (RC)/ Securitization Company (SC) or the provisioning rate as per the extant asset classification and provisioning norms as applicable to the underlying loans, assuming that the loan notionally continue in the books of the Bank. All other investments in the Security Receipts are valued as per the NAV obtained from issuing RC / SC.

The quoted equity shares / bonds/ units of Category I and II AIFs in the bank's portfolio shall be marked to market preferably on a daily basis, but at least on a weekly basis.

The units are valued based on the audited results once in a year. However, if the audited balance sheet/ financial statements showing NAV figures are not available continuously for more than 18 months as on the date of valuation, the investments are valued at Rupee 1 per Category I and II AIF.

Investments made by the Bank as Primary Dealer in Treasury Bills under HFT category is being valued at carrying cost.

The Bank undertakes short sale transactions in Central Government dated securities in accordance with RBI guidelines. The short sale position is reflected in Securities Short sold (SSS) account, specifically created for this purpose. The short position is marked to market and loss, if any, is charged to the Profit and Loss account while gain, if any, is ignored. Profit /Loss on settlement of the short position is recognized in the Profit and Loss account.

Special bonds such as Oil bonds, fertilizer bonds, UDAY bonds etc which are directly issued by Government of India, is valued based on FIBL valuation.

For the purpose of valuation of quoted investments in "Held for Trading" and "Available for Sale" categories, the market rates / quotes on the Stock Exchanges, the rates declared by Financial Benchmarks India Pvt. Ltd (FBIL) are used.

Investments for which such rates / quotes are not available are valued as per norms laid down by Reserve Bank of India, which are as under:



- a Government / - On Yield to Maturity basis.  
Approved securities
- b Equity Shares, PSU, - At break-up value (without considering 'Revaluation  
and Trustee shares - reserves,' if any) as per the latest Balance Sheet  
(the date as on which the latest balance sheet is  
drawn up shall not precede the date of valuation by  
more than 18 months), otherwise Re.1 per company.
- c Preference Shares & - On Yield to Maturity basis. with appropriate  
Pass-through Credit spread mark-up.  
Certificates (other than  
priority sector)
- d PSU Bonds - On Yield to Maturity basis with appropriate credit  
spread mark-up.
- e Units of Mutual Funds - At the latest repurchase price / NAV declared by the  
Fund in respect of each scheme.

Non-performing investments are identified and depreciation/provision are made thereon based on the RBI guidelines. Based on management assessment of impairment, the Bank additionally creates provision over and above the RBI guidelines. The depreciation/ provision on such non-performing investments is not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognized in the Profit and Loss account until received.

In respect of Investments at Overseas Branches, Reserve Bank of India guidelines or those of the host countries, whichever are more stringent are followed. In case of those branches situated in countries where no guidelines are specified, the guidelines of the Reserve Bank of India are followed.

### 3.3 Disposal of Investments

Profit / Loss on sale of Investments classified as HTM category is recognized in the Profit & Loss Account based on the weighted average cost / book value of the related Investments and an amount equivalent of profit on sale of Investments in "Held to Maturity" classification is appropriated to Capital Reserve Account.

Profit/loss on sale of Investment in AFS/HFT category is recognized in profit and loss account.

### 3.4 Accounting for repo/reverse repo

The Bank has adopted the Uniform Accounting Procedure prescribed by the RBI for accounting of Market Repo and Reverse Repo transactions [Including the Liquidity Adjustment Facility (LAF) with the RBI vide circular no. RBI/2016-17/FMOD.MAOG. No. /01.01.001/2016-17 Dated September 15, 2016 and circular no. RBI/2019-20/107 FMRD.DIRD.21/14.03.038/2019-20 Repurchase Transactions (Repo) (Reserve Bank) Directions, 2018 Dated November 28, 2019. Repo and Reverse Repo Transactions are treated as Collateralised Borrowing / Lending Operations with

an agreement to repurchase on the agreed terms. Securities sold under Repo are continued to be shown under investments and Securities purchased under Reverse Repo are not included in investments. Costs and Revenues are accounted for as interest expenditure / income, as the case may be.

### **3.5 Investment fluctuation reserve**

With a view to building up of adequate reserves to protect against increase in yields, RBI through circular number RBI/2017-18/147 DBR.No.BP. BC.102/21.04.048/2017-18 dated April 2, 2018, advised all banks to create an IFR with effect from the FY 2018-19.

Transferred to IFR will be lower of the following (i) net profit on sale of investments during the year or (ii) net profit for the year less mandatory appropriations, until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis.

### **3.6 Derivatives**

The Bank presently deals in interest rate and currency derivatives. The interest rate derivatives dealt with by the Bank are Rupee Interest Rate Swaps, Foreign Currency Interest Rate Swaps, Exchange traded Rupee Interest Rate Future and Forward Rate Agreements. Currency Derivatives dealt with by the Bank are Options, Currency swaps and Exchange traded Currency Future. The Bank undertakes derivative transactions for market making/trading and hedging on-balance sheet assets and liabilities. The Bank identifies the hedged item (asset or liability) at the inception of the hedging transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and at each reporting date thereafter.

### **3.7 Valuation of Derivatives**

The Bank values derivatives as under:

The hedge/ non-hedge transactions are recorded separately. For transactions designated as hedges, following treatment is followed –

- In case of a fair value hedge, the changes in the fair value of the hedging instruments and hedged items are recognised in the Profit and Loss Account,
- In case of cash flow hedges, the changes in fair value of effective portion are recognised in Reserves and Surplus under 'Cash flow hedge reserve' and ineffective portion of an effective hedging relationship, if any, is recognised in the Profit and Loss Account. The accumulated balance in the cash flow hedge reserve, in an effective hedging relationship, is recycled in the Profit and Loss Account at the same time that the impact from the hedged item is recognised in the Profit and Loss Account.

Derivative positions, unless designated as hedges, are marked to market and the resulting losses, if any, are recognized in the Profit and Loss Account and Profit, if any, is ignored. Income and expenditure relating to interest rate swaps are accrued on daily basis. Gains/ Losses on termination of the trading swaps are recorded on the termination date as immediate income/expenditure.

For the purpose of valuation, the fair value of the total swap is computed on the basis of the amount that would be receivable or payable on termination of the swap

agreements as on the Balance sheet date. Losses arising there from, if any, are fully provided for, while the profits, if any, are ignored.

The Bank follows the option premium accounting principle prescribed by FEDAI. Premium on option transaction is recognized as income/expense on expiry or early termination of the transaction.

The amounts received/paid on cancellation of option contracts are recognized as realized gains/losses on options. Charges receivable/payable on cancellation/termination of foreign exchange forward contracts and swaps are recognized as income/expense on the date of cancellation/ termination.

Valuation of Interest Rate Futures (IRF)/Currency Futures is carried out on the basis of the daily settlement price of each contract provided by the exchange.

Contingent Liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI at the Balance Sheet date.

#### 4. **ADVANCES**

- 4.1 Advances in India are classified as Standard, Sub-standard, Doubtful or Loss assets and provision for advances are made as per the Prudential Norms of the RBI except as stated in para 4.3. In respect of Advances made in overseas branches, Advances are classified in accordance with Prudential Norms prescribed by the RBI or local laws of the host country in which advances are made, whichever is more stringent.
- 4.2 Advances are net of specific loan loss provisions, interest suspense, amount received and held in suit-filed Sundry Deposits and Claims Received.
- 4.3 As a constant practice, the Bank has made the additional provision on the following:
- Provision @ 20% on the Secured Sub-standard Advances as against the Regulatory requirement of 15%.
  - Provision is made on non-fund based facilities of NPA Borrowers by applying 50% Credit conversion factor (CCF). The provision is based on the Asset class of fund-based facility of the Borrower
  - Bank has also made 100% provision in respect of existing NPA accounts which are more than 6 months old and collateral free viz Auto Loan, Education Loan and Personal Loan.
  - With respect to Loan against mortgage of properties which are secured (collateral) and are NPA for more than 2 years, Bank has made 100% provision
  - Bank has also made 100% provision in respect of existing NPA accounts viz Loan for Tractors/ tiller/ Power tillers which are 6 month old.
- 4.4 In respect of Restructured accounts, Provision for diminution in fair value of restructured advances is measured at net present value terms as per RBI guidelines for accounts where total dues to bank are Rupees One crore and above. For other accounts, the provision for diminution in fair value is computed notionally at 5% of total exposure to the bank as per RBI Guidelines.
- 4.5 In case of sale of financial assets to Asset Reconstruction Company (ARC) /

Securitization Company (SC), the bank is following the guidelines issued by Reserve Bank of India. At present, the guideline followed by the Bank is that if the sale is at a price below the net book value (NBV), (i.e. Book value less provisions held) the shortfall is debited to the profit and loss account in the same year. If the sale value is higher than the NBV, excess provision is reversed to profit & loss account in the year the amounts are received.

In case of sale of financial assets to banks, and the sale is at a price below the net book value (NBV), (i.e. Book value less provisions held) the shortfall is debited to the profit and loss account in the same year. If the sale value is higher than the NBV, excess provision shall be not reversed but will be utilised to meet the shortfall / loss on account of sale of other non-performing financial assets.

## **5 FLOATING PROVISIONS:**

The Bank has a policy for creation and utilisation of floating provisions separately for advances, investments, and general purposes. The quantum of floating provisions to be created is assessed every year. The floating provisions are utilised only for contingencies under extraordinary circumstances specified in the policy with prior permission of Reserve Bank of India.

## **6 FIXED ASSETS**

6.1 Premises and other fixed assets are stated at historical cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Profit on sale of immovable properties are being formed part of profit and loss account of the Bank.

### **6.2 Revaluation of Fixed Assets**

Portfolio of immovable properties is revalued periodically by an independent valuer to reflect current market valuation. All land and building owned by the Bank and used as branches, administrative offices, staff quarters etc. are grouped under Bank's own premises in fixed assets category. Appreciation as per latest valuation report, if any, on revaluation is credited to Revaluation Reserve under Capital Reserves. Additional Depreciation on the revalued asset is charged to the Profit and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

6.3 Premises include land and building under construction.

## **7 RESERVES AND SURPLUS**

Revenue and other Reserves include Statutory Reserves created by foreign branches/ subsidiaries as per applicable local laws of the respective countries.

## **8 REVENUE RECOGNITION**

8.1 Income (other than item referred in Paragraph 8.2)/ expenditure is generally recognised on accrual basis. Interest on income tax refund is booked on receiving the refund order/s/intimation from Income Tax Department. In case of foreign

offices, income/ expenditure is recognised as per the local laws of the country in which the respective foreign office is located

- 8.2 Income by way of Fees, all Commissions (other than on Government business and commission from sale of third-party products), Commission on Guarantees, Letter of Credits, Exchange and Brokerage and Interest on Advance Bills are accounted for on realisation basis. Dividend on shares in Subsidiaries, joint ventures and associates is accounted on realisation basis.
- 8.3 In view of uncertainty of collection of income in cases of Non-performing Assets/Investments, such income is accounted for only on realisation in terms of the RBI guidelines.
- 8.4 Lease where risks & rewards of ownership are retained by lessor are classified as Operating Lease as per AS 19 (Leases). Lease payments on such lease are recognised in Profit & Loss Account on a straight-line basis over the lease term in accordance with AS 19.
- 8.5 Appropriation of recoveries in NPA accounts:

Recoveries effected in the account (including recovery under Public Money Recovery Act) from time to time should be appropriated in the following manner:

- towards all costs, commission, charges and expenses paid or incurred by the Bank
- towards interest, additional interest, further interest, penal interest due to the Bank
- towards payment of the principal money

Recovery in suit filed/ decreed accounts should be appropriated:

- As per the directives of the concerned Court.
- In the absence of specific directives from the Court, as applicable to non-suit filed accounts.

Recovery by settlement through compromise/NCLT Resolution:

In case of Resolution/Settlement through NCLT or compromise sanctioned account, recovery should be appropriated as per the terms of compromise sanction/resolution settlement.

- 8.6 Appropriation of recoveries in Standard accounts:

The appropriation of recovery in Standard Accounts is effected as per the date of demands raised and the earliest demand is being satisfied in the following order:

- towards all costs, commission, charges and expenses paid or incurred by the Bank

- towards interest, additional interest, further interest, penal interest due to the Bank
- towards payment of the principal money

## **9 EMPLOYEE BENEFITS**

### **9.1 PROVIDENT FUND**

Provident fund is a statutory obligation as per Bank of Baroda PF Rules as the Bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to Profit and Loss Account. The fund is managed by Bank of Baroda Provident Fund Trust.

### **9.2 GRATUITY**

Gratuity liability is a statutory obligation being higher of gratuity payment as per Bank of Baroda Gratuity Fund Rules and Regulations and Payment of Gratuity Act 1972. This is provided for on the basis of an actuarial valuation made at the end of the financial year. The gratuity liability is funded by the bank and is managed by Bank of Baroda Gratuity Fund Trust.

### **9.3 PENSION**

Pension liability is a defined benefit obligation under Bank of Baroda Employees' Pension Regulations 1995 and is provided for on the basis of actuarial valuation made at the end of the financial year, for the employees who have joined Bank up to March 31, 2010 and opted for pension. The pension liability is funded by Bank of Baroda (Employees) Pension Fund Trust.

New Pension Scheme which is applicable to employees who joined bank on or after April 1, 2010 is a defined contribution scheme, Bank pays fixed contribution at pre-determined rate and the obligation of the Bank is limited to such fixed contribution. The contribution is charged to Profit and Loss Account.

### **9.4 COMPENSATED ABSENCES**

Accumulating compensated absences such as Privilege Leave and unavailed sick leave are provided for based on actuarial valuation.

### **9.5 OTHER EMPLOYEE BENEFITS**

Other Employee benefits such as Leave Encashment, Leave Fare Concession and Additional Retirement Benefit on Retirement are provided for based on actuarial valuation.

In respect of overseas branches and offices, the benefits in respect of employees other than those on deputation are valued and accounted for as per laws prevailing in the respective territories.

## **10 DEPRECIATION**

10.1 Depreciation on Fixed Assets in India [other than those referred in Paragraph 10.3 and 10.4] is provided in accordance with Schedule II to the Companies Act, 2013, as per following table, except in case of revalued assets, in respect of which depreciation is provided on the basis of estimated useful life of these revalued assets

Sr. No.	Category	Effective Rate of Depreciation	Depreciation Method
1.	FURNITURE & FITTINGS		
a.	Furniture & Fittings	25.89%	Written Down Value
b.	Air-conditioning Plants, Other Plant etc.	18.1%	Written Down Value
c.	Safe Deposit Vault Equipments	18.1%	Written Down Value
d.	Cash Vans, Jeeps, Scooters & Other Vehicles		Written Down Value
	- Two wheelers	25.89%	Written Down Value
	- Four Wheelers	31.23%	Written Down Value
e.	Office Equipment	45.07%	Written Down Value
2.	BANK'S OWN PREMISES		Written Down Value
	- RCC Frame Structure	4.87%	Written Down Value
	- Without RCC Frame Structure	9.50%	Written Down Value

10.2 Depreciation on Fixed Assets outside India [other than those referred to in Para 10.3 below] is provided as per local laws or prevailing practices of the respective territories.

10.3 Depreciation on Computers and Software forming an integral part of Computer Hardware, in and outside India is provided on Straight Line Method at the rate of 33.33% p.a., as per the guidelines of RBI.

Computer software not forming part of an integral part of hardware having estimated life more than 2 years and in excess of original cost in of ₹50,000/- is classified as Intangible asset and amortised over a period of 3 years. Other items of computer software not forming integral part of hardware is charged directly to Profit and Loss Account.

10.4 Depreciation on ATMs is provided on Straight Line Method at the rate of 20% p.a.

10.5 Depreciation on additions is provided proportionately from the date of purchase/put to use.

10.6 Cost of leasehold land and leasehold improvements are amortised over the period of lease

10.7 The increase in Net Book Value of the asset due to latest available revaluation is credited to the Revaluation Reserve Account without routing through the Profit and Loss Account. Additional Depreciation on the revalued asset is charged to the Profit

and Loss Account and appropriated from the Revaluation Reserves to Other Revenue Reserve.

- 10.8 The Revalued Asset is depreciated over the balance useful life of the asset as assessed at the time of revaluation.

## 11 IMPAIRMENT OF ASSETS

Impairment losses (if any) on Fixed Assets (including revalued assets) are recognised in accordance with AS 28 (Impairment of Assets) issued by the ICAI and charged off to Profit and Loss Account.

The carrying amount of assets is reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over remaining useful life.

## 12 FOREIGN CURRENCY TRANSACTIONS:

- 12.1 Accounting for transactions involving foreign exchange is done in accordance with Accounting Standard (AS) 11, "The Effects of Changes in Foreign Exchange Rates", issued by The Institute of Chartered Accountants of India.
- 12.2 As stipulated in AS-11, the foreign currency operations of the Bank are classified as a) Integral Operations and b) Non-Integral Operations. All Overseas Branches, Offshore Banking Units, Overseas Subsidiaries are treated as Non-Integral Operations and domestic operations in foreign exchange and Representative Offices are treated as Integral Operations.
- 12.3 The Bank hedges its investments in overseas branches and offshore banking units through use of forward exchange contracts. The forward exchange contracts used to hedge its investments in overseas branches and offshore banking units are accounted for in accordance with Guidance Note on Accounting for Derivative Contracts issued by ICAI wherein gains and losses on foreign currency derivatives used as hedging instruments are recognised directly in equity to the extent that the hedge is considered to be effective and the ineffective portion of the gains and losses on the hedging instruments (and any proportion not designated in the hedging relationship) is recognised in the Profit and Loss Account immediately. Any net deferred foreign currency gains and losses, i.e., arising from both the net investment and the hedging instruments are recognised in the Profit and Loss Account at the time of disposal of the foreign operation.
- 12.4 Translation in respect of Integral Operations:
- a) The transactions are initially recorded at rate as per FEDAI guidelines.
  - b) Foreign Currency Assets and Liabilities (including contingent liabilities) are translated at the closing spot rates notified by FEDAI at the end of each quarter.
  - c) The resulting exchange differences are recognized as income or expenses and are accounted through Profit & Loss Account. Any reversal / payment of foreign currency assets & liabilities is done at rate as per FEDAI guidelines and the difference between the outstanding figure and the amount for which reversal / payment is made, is reflected in profit and loss account.



- d) Foreign exchange spot and forward contracts outstanding as at the balance sheet date and held for trading, are marked to market at the closing spot and forward rates respectively notified by FEDAI and at interpolated rates for contracts of interim maturities. The MTM values thus obtained are discounted to arrive at present value of MTM. This MTM is used to revalue the spot and forward transactions on PV basis. The resulting Forward Valuation profit or loss is included in the Profit & Loss Account.
- 12.5 Translation in respect of Non-Integral Operations:
- a) Assets and liabilities are translated at the closing spot rates notified by FEDAI at the end of each quarter.
- b) Foreign exchange Spot and Forwards contingent liabilities outstanding as at the balance sheet date are translated at the closing spot and forward rates respectively notified by FEDAI and interpolated rates for contracts of interim maturities.
- c) Income and expense are translated at quarterly average rate notified by FEDAI at the end of each quarter.
- d) The resulting exchange differences are not recognized as income or expense for the period but accumulated in a separate account "Foreign Currency Translation Reserve" till the disposal of the net Investment.

### **13 TAXES ON INCOME**

This comprise of provision for Income tax and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period) as determined in accordance with AS 22 (Accounting for taxes on Income) issued by ICAI. Deferred tax is recognised subject to consideration of prudence in respect of items of income and expenses those arise at one point of time and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be reversed. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the income statement in the period of enactment of the change.

### **14 EARNINGS PER SHARE**

The bank reports basic and diluted earnings per equity share in accordance with the AS 20 (Earnings per Share) issued by the ICAI. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share have been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

### **15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

As per AS 29 (Provisions, Contingent Liabilities and Contingent Assets) issued by the ICAI, the Bank recognises provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote.

Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

### **16. SEGMENT REPORTING**

The Bank recognizes the Business Segment as the Primary reporting segment and Geographical segment as the Secondary reporting segment in accordance with the RBI guidelines and in compliance with the Accounting Standard 17 issued by ICAI.

## **17. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand and ATMs, balances with the Reserve Bank of India, balances with other banks and money at call and short notice (including effect of changes in exchange rates on cash and cash equivalents in foreign currency).

DRAFT FORMAT

**BRANCH** \_\_\_\_\_

**REGION** \_\_\_\_\_

**ZONE** \_\_\_\_\_

**LONG FORM AUDIT REPORT AS AT 31.03.2026**

**NAME &  
ADDRESS  
OF  
THE AUDITORS**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

<i>BRANCH</i>			<b>AS ON 31.3.2026</b>
NUMERIC CODE NO.		ADVANCES (₹)	
ALPHA CODE		DEPOSITS (₹)	

**A. Indicative Format / Coverage in the Long Form Audit Report (LFAR) by the**

## Statutory Branch Auditors (SCB)

Name of Bank : Bank of Baroda

Name of Branch

Branch Code Zone /

Circle Code

Financial Year: 2025-26

I ASSETS		
1.	<b>Cash</b>	:
(a)	Does the system ensure that cash maintained is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	:
(b)	Have the cash balances at the branch/ATMs been checked at periodic intervals as per the procedure prescribed by the controlling authorities of the bank?	:
(c)	(i) Does the branch generally maintain / carry cash balances, which vary significantly from the limits fixed by the controlling authorities of the bank? (ii) Does the figure of the balance in the branch books in respect of cash with its ATM(s) tally with the amounts of balances with the respective ATMs, based on the year end scrolls generated by the ATMs? If there is any difference, same should be reported.	:
(d)	Whether the insurance cover available with the branch adequately meets the requirement to cover the cash-in hand and cash-in transit?	:
2.	<b>Balances with Reserve Bank of India, State Bank of India, and other banks (For branches with Treasury Operations)</b>	:

<b>(a)</b>	Were balance confirmation certificates obtained in respect of outstanding balances as at the year-end and whether the aforesaid balances have been reconciled? The nature and extent of differences should be reported.	:	
<b>(b)</b>	Observations on the reconciliation statements may be reported in the following manner:	:	
<b>(i)</b>	Cash transactions remaining un-responded (give details)	:	
<b>(ii)</b>	Revenue items requiring adjustments / write-off (give details)	:	
<b>(iii)</b>	Other credit and debit entries originated in the statements provided by RBI/other banks, remaining un-responded for more than 15 days:	:	
<b>(iv)</b>	Where the branch maintains an account with RBI, the following additional matter may be reported: Entries originated prior to, but communicated / Recorded after the year end in relation to currency chest operations at the branch/other link branches, involving deposits into/withdrawals from the currency chest attached to such branches (Give details)	:	
<b>(c)</b>	In case, any matter deserves special attention of the management, the same may be reported.	:	
<b>3.</b>	<b>Money at Call and Short Notice</b>		

<b>(a)</b>	Has the branch kept money-at-call and short notice during the year?	:	This is looked after by Treasury Department, hence, such types of transactions do not appear in Branch Books
<b>(b)</b>	Has the year-end balance been duly confirmed and reconciled?	:	
<b>(c)</b>	Has interest accrued up to the year-end been properly recorded?	:	
<b>(d)</b>	Whether instructions/guidelines, if any, laid down by the controlling authorities of the bank have been complied with?	:	
<b>4.</b>	<b>Investments (for branches outside India)</b>		
<b>(a)</b>	In respect of purchase and sale of investments, has the branch acted within its delegated authority, having regard to the instructions/ guidelines in this behalf issued by the controlling authorities of the bank?	:	Normally the central/head office of the bank deals with these investments. Hence such types of transactions do not appear in Branch Books
<b>(b)</b>	Have the investments held by the branch whether on its own account or on behalf of the Head Office/other branches been made available for physical verification? Where the investments are not in the possession of the branch, whether evidences with regard to their physical verification have been produced?	:	
<b>(c)</b>	Is the mode of valuation of investments in accordance with the RBI guidelines or the norms prescribed by the relevant regulatory authority of the country in which the branch is located whichever are more stringent?	:	
<b>(d)</b>	Whether there are any matured or overdue investments which have not been encashed and / or has not been serviced? If so, give details?	:	

<b>5.</b>	<b>Advances</b>		
	<b>General Instructions</b>		
	<p>(i) The answers to the following questions may be based on the auditor's examination of all large advances.</p> <p>For this purpose, large advances are those in respect of which the outstanding amount is in excess of 10% of outstanding aggregate balance of fund based and non-fund based advances of the branch or Rs.10 crores, whichever is less.</p> <p>Care- For all accounts above the threshold, the transaction audit/account specific details to be seen and commented, whereas below the threshold, the process needs to be checked and commented upon. Comments of the branch auditor on advances with significant adverse features, which might need the attention of the management / Statutory Central Auditors, should be appended to the LFAR.</p>	:	
	<p>(ii) The critical comments based on the review of the above and other test check should be given in respective paragraphs as given in LFAR given below.</p>	:	
<b>(a)</b>	<b>List of accounts examined for audit</b>		

<b>Account No.</b>	<b>Account Name</b>	<b>Balance as at year end – Funded</b>	<b>Balance as at year end – Non- funded</b>	<b>Total</b>
<b>Total</b>		<b>A</b>	<b>B</b>	<b>C = A + B</b>

Total Outstanding of the branch		X	Y	Z = X + Y
Percentage Examined		A as % of X	B as % of Y	C as % of Z

<b>(b)</b>	<b><i>Credit Appraisal</i></b>		
<b>(i)</b>	In your opinion, has the branch generally complied with the procedures / instructions of the controlling authorities of the bank regarding loan applications, preparation of proposals for grant/ renewal of advances, enhancement of limits, etc., including adequate appraisal documentation in respect thereof. What, in your opinion, are the major shortcomings in credit appraisal, etc.	:	
<b>(ii)</b>	Have you come across cases of quick mortality in accounts, where the facility became non-performing within a period of 12 months from the date of first sanction? Details of such accounts may be provided in following manner: - <ul style="list-style-type: none"> <li>• Account No.</li> <li>• Account Name</li> <li>• Balance as at year end</li> </ul>	:	
<b>(iii)</b>	Whether in borrowal accounts the applicable interest rate is correctly fed into the system?	:	
<b>(iv)</b>	Whether the interest rate is reviewed periodically as per the guidelines applicable to floating rate loans linked to MCLR / EBLR (External Benchmark Lending Rate)?	:	



(v)	Have you come across cases of frequent renewal / rollover of short-term loans? If yes, give the details of such accounts.	:	
(vi)	Whether correct and valid credit rating, if available, of the credit facilities of bank's borrowers from RBI accredited Credit Rating Agencies has been fed into the system?	:	
(c)	<b>Sanctioning / Disbursement</b>		
(i)	In the cases examined by you, have you come across instances of: (a) Credit facilities having been sanctioned beyond the delegated authority or limit fixed for the branch? (b) Are such cases promptly reported to higher authorities?	:	
(ii)	Whether advances have been disbursed without complying with the terms and conditions of the sanction? If so, give details of such cases.	:	
(iii)	Did the bank provide loans to companies for buy-back of shares/securities?	:	
(d)	<b>Documentation</b>		
	In the cases examined by you, have you come across instances of:	:	
(i)	Credit facilities released by the branch without execution of all the necessary documents? If so, give details of such cases.	:	
(ii)	Deficiencies in documentation, including non-registration of charges, non-obtaining of guarantees, etc.? If so, give details of such cases.	:	
(iii)	Advances against lien of deposits have been granted without marking a lien on the bank's deposit receipts and the related accounts in accordance with the guidelines of the controlling authorities of the bank.		
(e)	<b>Review/Monitoring/Supervision</b>		
(i)	Is the procedure laid down by the controlling authorities of the bank, for periodic review of advances, including periodic balance confirmation / acknowledgement of debts, followed by the branch? Provide analysis of the accounts overdue for review/renewal. What, in your opinion, are major shortcomings in monitoring, etc.		
	a) between 3 to 6 months, and		
	b) over 6 months	:	

<b>(ii)</b>	<p>a) Are the stock/book debt statements and other periodic operational data and financial statements, etc., received regularly from the borrowers and duly scrutinized? Is suitable action taken on the basis of such scrutiny in appropriate cases?</p> <p>b) Is the DP properly computed?</p> <p>c) Whether the latest audited financial statements are obtained for accounts reviewed / renewed during the year?</p>	:	
<b>(iii)</b>	<p>a) Whether there exists a system of obtaining reports on stock audits periodically?</p> <p>b) If so, whether the branch has complied with such system?</p> <p>c) Details of:</p> <ul style="list-style-type: none"> <li>➤ cases where stock audit was required but was not conducted</li> <li>➤ where stock audit was conducted but no action was taken on adverse features</li> </ul>	:	
<b>(iv)</b>	<p>Indicate the cases of advances to non-corporate entities with limits beyond that is set by the bank where the branch has not obtained the duly audited accounts of borrowers.</p>	:	
<b>(v)</b>	<p>Does the branch have on its record, a due diligence report in the form and manner required by the Reserve Bank of India in respect of advances under consortium and multiple banking arrangements. Give the list of accounts where such certificate/report is not obtained or not available on record. (In case, the branch is not the lead bank, copy of certificate/report should be obtained from lead bank for review and record)</p>	:	
<b>(vi)</b>	<p>Has the inspection or physical verification of securities charged to the bank been carried out by the branch as per the procedure laid down by the controlling authorities of the bank?</p>	:	

	Whether there is a substantial deterioration in value of security during financial year as per latest valuation report in comparison with earlier valuation report on record?		
(vii)	In respect of advances examined by you, have you come across cases of deficiencies, including in value of securities and inspection thereof or any other adverse features such as frequent/ unauthorized overdrawn beyond limits, inadequate insurance coverage, etc.?	:	
(viii)	Whether the branch has any red-flagged account? If yes, whether any deviations were observed related to compliance of bank's policy related with Red Flag Accounts?	:	
(ix)	Comment on adverse features considered significant in top 5 standard large advances and which need management's attention.	:	
(x)	In respect of leasing finance activities, has the branch complied with the guidelines issued by the controlling authorities of the bank relating to security creation, asset inspection, insurance, etc.? Has the branch complied with the accounting norms prescribed by the controlling authorities of the bank relating to such leasing activities?	:	
(f)	<b>Asset Classification, Provisioning of Advances and Resolution of Stressed Assets</b>		

<p><b>(i)</b></p>	<p>a) Has the branch identified and classified advances into standard / substandard / doubtful / loss assets through the computer system, without manual intervention?</p> <p>b) Is this identification &amp; classification in line with the norms prescribed by the Reserve Bank of India</p> <p>c) Whether the branch is following the system of classifying the account into SMA-0, SMA-1, and SMA-2. Whether the auditor disagrees with the branch classification of advances into standard (Including SMA-0, SMA-1, SMA-2) / sub-standard / doubtful / loss assets, the details of such advances with reasons should be given.</p> <p>d) Also indicate whether required changes have been incorporated/ suggested in the Memorandum of Changes.</p> <p>e) List the accounts (with outstanding in excess of Rs. 10.00 crore) which have either been downgraded or upgraded with regard to their classification as Non-Performing</p>	<p>:</p>
	<p>Asset or Standard Asset during the year and the reason thereof.</p> <p>f) Whether RBI guidelines on income recognition and provisioning have been followed.</p>	

<b>(ii)</b>	<p>a) Whether the branch has reported accounts restructured or rephased during the year to Controlling Authority of the bank?</p> <p>b) Whether the RBI Guidelines for restructuring on all such cases have been followed.</p> <p>c) Whether the branch complies with the regulatory stance for resolution of stressed assets, including the compliance with board approved policies in this regard, tracking/reporting of defaults for resolution purposes among others?</p>	:	
<b>(iii)</b>	<p>a) Whether the upgradations in non-performing advances is in line with the norms of Reserve Bank of India</p> <p>b) Where the auditor disagrees with upgradation of accounts? If yes, give reasons thereof.</p>	:	
<b>(iv)</b>	<p>Have you come across cases where the relevant Controlling Authority of the bank has authorized legal action for recovery of advances or recalling of advances, but no such action was taken by the branch? If so, give details of such cases.</p>	:	
<b>(v)</b>	<p>Whether there are any accounts wherein process under IBC is mandated but not initiated by the branch?</p> <p>Whether there are any borrowers at the branch against whom the process of IBC is initiated by any of the creditors including bank? If yes, provide the list of such accounts and comment on the adequacy of provision made thereto?</p>	:	

<b>(vi)</b>	<p>a) Have appropriate claims for credit guarantee (ECGC and others), if any, been duly lodged and settled?</p> <p>b) Give details of claims rejected? (As per the given table)</p> <p>c) Whether the rejection is appropriately considered while determining the provisioning requirements</p>	:				
			Particulars	Number	Amount	
			Claim at the beginning of the year			
			Further claim lodged during the year			
			Total A			
			Amounts representing			
			(i) Claims accepted/s Settled			
			(ii) Claims rejected			
			Total B			
			Balance as at year end (A-B)			
<b>(vii)</b>	In respect of non-performing assets, has the branch obtained valuation reports from approved valuers for the immovables charged to the bank, once in three years, unless the circumstances warrant a shorter duration?	:				
<b>(viii)</b>	In the cases examined by you, has the branch complied with the Recovery Policy prescribed by the controlling authorities of the bank with respect to compromise/settlement and write-off cases? Details of the cases of compromise/settlement and write-off cases involving write-offs/waivers in excess of Rs. 50.00 lakhs may be given.	:				

<b>(ix)</b>	Is the branch prompt in ensuring execution of decrees obtained for recovery from the defaulting borrowers? Give Age-wise analysis of decrees obtained and pending execution.	:	
<b>(x)</b>	Whether in the cases concluded the recoveries have been properly appropriated against the principal / interest as per the policy of the bank?	:	
<b>(xi)</b>	In cases where documents are held at Centralized processing centers / office, whether the auditor has received the relevant documents as asked by them on test check basis and satisfied themselves. Report the exceptions, if any	:	
<b>(xii)</b>	List the major deficiencies in credit review, monitoring and supervision.	:	
<b>(g)</b>	<b>Non-Fund Based facilities</b>		
<b>(i)</b>	List of borrowers with details of LCs devolved or guarantees invoked during the year.	:	
<b>(ii)</b>	List of borrowers where the LCs have been devolved or guarantees have been invoked but not paid with amount thereof.	:	
<b>(iii)</b>	List of instances where interchangeability between fund based and non-fund-based facilities was allowed subsequent to devolvement of LC / invocation of BG.	:	
<b>6.</b>	<b>Other Assets</b>		
<b>a)</b>	<b>Suspense Accounts/Sundry Assets</b>		

	Does the system of the bank ensure expeditious clearance of items debited to Suspense Account? Details of outstanding entries in excess of 90 days may be obtained from the branch and the reasons for delay in adjusting the entries may be ascertained. Does your scrutiny of the accounts under various sub-heads reveal balances, which in your opinion are not recoverable and would require a provision/write-off? If so, give details.	:	
(ii)	Does your test check indicate any unusual items in these accounts? If so, report their nature and the amounts involved. Are there any intangible items under this head e.g. losses not provided / pending investigation?	:	

## II. LIABILITIES

<b>1.</b>	<b>Deposits</b>		
(a)	Does the bank have a system of identification of dormant/ inoperative accounts and internal controls with regard to operations in such accounts? In the cases examined by you, have you come across instances where the guidelines laid down in this regard have not been followed? If yes, give details thereof.	:	
(b)	After the balance sheet date and till the date of audit, whether there have been any unusual large movements (whether increase or decrease) in the aggregate deposits held at the year-end? If so, obtain the clarifications from the branch and give your comments thereon.	:	



(c)	Whether the scheme of automatic renewal of deposits applies to FCNR(B) deposits? Where such deposits have been renewed, report whether the branch has satisfied itself as to the 'non-resident status' of the depositor and whether the renewal is made as per the applicable regulatory guidelines and the original receipts / soft copy have been dispatched.	:	
(d)	Is the branch complying with the regulations on minimum balance requirement and levy of charges on non- maintenance of minimum balance in individual savings accounts?	:	
2.	<b>Other Liabilities - Bills Payable, Sundry Deposits, etc.</b>		
(a)	The number of items and the aggregate amount of old outstanding items pending for one years or more be obtained from the branch and reported under appropriate heads. Give details thereof.	:	
(b)	Does your test check indicate any unusual items or material withdrawals or debits in these accounts? If so, give details thereof.	:	
3.	<b>Contingent Liabilities</b>		
	List of major items of the contingent liabilities (other than constituent's liabilities such as guarantees, letter of credit, acceptances, endorsements, etc.) not acknowledged by the branch?	:	

### III. PROFIT AND LOSS ACCOUNT

(a)	Has the test checking of interest/discount/ commission/ fees etc. revealed excess/short credit of a material amount? If so, give details thereof.	:	
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<b>(b)</b>	Has the branch complied with the Income Recognition norms prescribed by R.B.I.? (The Auditor may refer to the instructions of the controlling authorities of the bank regarding charging of interest on non-performing assets).	:	
<b>(c)</b>	Has the test check of interest on deposits revealed any excess/short debit of material amount? If so, give details thereof.	:	
<b>(d)</b>	Does the bank have a system of estimating and providing interest accrued on overdue/matured/ unpaid/ unclaimed term deposits including in respect of deceased depositors?	:	
<b>(e)</b>	Are there any divergent trends in major items of income and expenditure, in comparison with corresponding previous year, which are not satisfactorily explained by the branch? If so, the same may be reported.	:	

**IV. GENERAL**

<b>1.</b>	<b>GOLD/ BULLION / SECURITY ITEMS</b>		
(a)	Does the system ensure that gold/bullion is in effective joint custody of two or more officials, as per the instructions of the controlling authorities of the bank?	:	
(b)	Does the branch maintain adequate records for receipt, issues and balances of gold/bullion and updated regularly? Does the periodic verification reveal any excess/shortage of stocks as compared to book records and if any discrepancies observed have been promptly reported to controlling authorities of the bank?	:	
(c)	Does the system of the Bank ensure adequate internal control over issue and custody of security items (Term Deposit Receipts, Drafts, Pay Orders, Cheque Books, Traveller's Cheques, Gift Cheques, etc.)? Whether the system is being followed by the branch? Have you come across cases of missing/lost items?	:	
<b>2.</b>	<b>Books and Records</b>		
(a)	Whether there are any software / systems (manual or otherwise) used at the branch which are not integrated with the CBS? If yes, give details thereof.	:	
(b)	i) In case the branch has been subjected to IS Audit whether there are any adverse features reported and have a direct or indirect bearing on the branch accounts and are pending compliance? If yes give details.	:	

	ii) Whether branch is generating, and verifying exception reports at the periodicity as prescribed by the bank	:	
	iii) Whether the system of bank warrants expeditious compliance of daily exception reports and whether there are any major observations pending such compliance at the year end.	:	
	iv) Whether the bank has laid down procedures for manual intervention to system generated data and proper authentication of the related transactions arising there from along with proper audit trail of manual intervention has been obtained.	:	
	v) Furnish your comments on data integrity (including data entry, checking correctness/integrity of data, no back ended strategies etc.) which is used for MIS at HO / CO level.	:	
<b>3.</b>	<b>Inter-Branch Accounts</b>		
	Does the branch expeditiously comply with/respond to the communications from the designated cell/Head Office as regards unmatched transactions? As at the year-end are there any un- responded/un-complied queries or communications beyond 7 days? If so, give details?	:	
<b>4.</b>	<b>Frauds</b>		
	Furnish particulars of: (i) Frauds detected/classified but confirmation of reporting to RBI not available on record at branch.	:	
	(ii) Whether any suspected or likely fraud cases are reported by branch to higher office during the year? If yes, provide the details thereof related to status of investigation.	:	

	(iii) In respect of fraud, based on your overall observation, please provide your comments on the potential risk areas which might lead to perpetuation of fraud (e.g. falsification of accounts/false representation by the borrower; misappropriation of funds especially through related party/ shell company transactions; forgery and fabrication of financial documents like invoices, debtor lists, stock statements, trade credit documents, shipping bills, work orders and encumbrance certificates and avail credit; Use of current accounts outside consortium where Trust and Retention Account (TRA) is maintained, to divert funds; List of Debtors/ Creditors were being fabricated and receivables were not followed up/ write off of debt of related parties; Fake export/shipping bill, etc.; Over statement of invoice amounts, stock statements, shipping bills, turnover; fly by night operations -including the cases where vendors, related/ associate parties, manufacturing units etc. aren't available on the registered addresses; Round Tripping of funds, etc.)	:	
	(iv) Whether the system of Early Warning Framework is working effectively and, as required, the early warning signals form the basis for classifying an account as RFA.	:	
<b>5.</b>	<b>Implementation of KYCAML guidelines</b>		
	Whether the branch has adequate systems and processes, as required, to ensure adherence to KYC/AML guidelines towards prevention of money laundering and terrorist financing	:	

	Whether the branch followed the KYC/AML guidelines based on the test check carried out by the branch auditors	:	
<b>6.</b>	<b>Management Information System</b>		
<b>(a)</b>	Whether the branch has the proper systems and procedures to ensure data integrity relating to all data inputs which are to be used for MIS at corporate office level and for supervisory reporting purposes. Have you come across any instances where data integrity was compromised?	:	
<b>7.</b>	<b>Miscellaneous</b>		
<b>(a)</b>	In framing your audit report/LFAR, have you considered the major adverse comments arising out of the latest reports such as: i) Previous year's Branch Audit Report / LFAR; ii) Internal audit/ Snap Audit/ concurrent audit report(s); iii) Credit Audit Report; iv) Stock audit Report; v) RBI Inspection Report, if such inspection took place; vi) Income and Expenditure (Revenue) Audit; vii) IS/IT/Computer/Systems Audit; and viii) Any special inspection / investigation report?	:	
<b>(b)</b>	Are there any other matters, which you, as branch auditor, would like to bring to the notice of the management or the Statutory Central Auditors?	:	

**Additional Questionnaire Applicable to Specialised Branches****A. For Branches dealing in Foreign Exchange Transactions**

1. Are there any material adverse features pointed out in the reports of concurrent auditors, internal auditors and/ or the Reserve Bank of India's inspection report which continue to persist in relation to NRE/ NRO/ FCNR-B/ EEFC/ RFC and other similar deposits accounts. If so, furnish the particulars of such adverse features.
2. Whether the branch has followed the instructions and guidelines of the controlling authorities of the bank with regard to the following in relation to the foreign exchange and, if not, state the irregularities.
  - (a) deposits
  - (b) advances
  - (c) export bills
  - (d) bills for collection
  - (e) dealing room operations (where a branch has one)
  - (f) any other area

**3. NOSTRO Accounts**

Obtain from the branch management, a list of all NOSTRO Accounts maintained/ operated by the branch.

- (a) Whether the bank has a system of periodic confirmation/ reconciliation of the balances in NOSTRO accounts maintained with each overseas bank/ correspondent? Has such confirmation been received and account reconciled at year end in each case. If not, give details.
- (b) Whether the system of the bank ensures that all entries originated by overseas banks/correspondents, have been duly responded promptly in the respective NOSTRO accounts maintained by the bank?
- (c) Are there any dormant/closed NOSTRO accounts in respect of which balances continue to exist in the books of the branch, at year end?
- (d) Have the NOSTRO balances been converted at year end at the rates of exchange as prescribed by controlling authorities?
- (e) In case, any matter deserves special attention of the management, the same may be reported

- Does the branch follow the prescribed procedures in relation to maintenance of Vostro Accounts?

**B. For branches dealing in Clearing House Operations, normally referred to as Service Branches**

- Does the branch have a system of periodic review of the outstanding entries in clearing adjustments accounts? In your view has the system generally been complied with?
- Whether review of the clearing adjustments accounts (inwards/ outwards) reveals any old/ large/ unusual outstanding entries, which remain unexplained? Give year-wise break-up of outstanding in number and value.
- Has the branch strictly followed the guidelines of the controlling authority of the bank with respect to operations related to clearing transactions? Comment on the systems and procedures followed by the branch in this regard.

**C. For branches dealing in recovery of Non-Performing Assets such as Asset Recovery Branches**

- In respect of borrowers with outstanding of Rs. 10.00 Crores and above the information should be obtained from the Branch Management. Comments of the Branch Auditor on advances with significant adverse features and which might need the attention of the management / Statutory Central Auditors should be appended to the LFAR.
- List the accounts with outstanding in excess of Rs. 10.00 Crores, which have been upgraded from Non-Performing to Standard during the year and the reasons thereof.

Sr. No.	Name of the Unit / Account	Outstanding [Rs. in crore]	IRAC Status <sup>a</sup> on 31st March [Last Year]	IRAC Status as on 31st March [Current Year]	Reason/s
1					
2					
3					
4					
5					



3. Whether the branch has a system of updating periodically, the information relating to the valuation of security charged to the bank?
4. Age-wise analysis of the recovery suits filed and pending may be furnished, for the last three years along with latest status thereof.

<u>Years</u>	<u>No. of Accounts</u>	<u>Amount [Rs. in crore]</u>
Upto March 2022		
2022-23		
2023-24		
2024-25		

5. Is the branch prompt in ensuring execution of decrees obtained for recovery from the defaulting borrowers? Also list the time barred decrees, if any, and reasons thereof. Give age-wise analysis of decrees obtained and not executed.
6. List the recoveries and their appropriation against the interest and the principal and the accounts settled / written off / closed during the year as per the bank's policy. Give particulars of recoveries which are pending for appropriation as on year-end with reasons thereof.
7. List the new borrower accounts transferred to the branch during the year. Have all the relevant documents and records relating to these borrower accounts been transferred to the branch? Has the branch obtained confirmation that all the accounts of the borrower [including non-fund-based exposures and deposits pending adjustment / margin deposits] been transferred to the branch?

Signature of the Branch Auditor

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### Annex III – Long Form Audit Report (LFAR) for Large / Irregular / Critical Advance

#### Accounts

(To be obtained by the Branch Auditors from branches dealing in large advances/asset recovery branches)

Sr. No.	Items / Particulars	Details
1.	Name of the Borrower	
2.	Address	
3.	Nature of business/activity	
4.	Total exposure of the branch to the borrower	
	(a) Fund Based (Rs. in crore)	
	(b) Non-Fund Based (Rs. in crore)	
5.	Name of Proprietor / Partners / Directors (As Applicable)	
6.	Name of the Chief Executive, if any	
7.	Asset Classification by the branch	
	(a) as on the date of current audit	
	(b) as on the date of previous Balance Sheet	
8.	Asset Classification by the branch auditor	
	(a) as on the date of current audit	
	(b) as on the date of previous Balance Sheet	
9.	Are there any adverse features pointed out in relation to asset classification by RBI inspection or any other audit	
10.	Date on which the asset was first classified as NPA (where applicable)	
11.	Facilities sanctioned	

Date of Sanction	Nature of facilities	Limit (Rs. in crore)	Prime Security	Collateral Security	Margin %	Balance outstanding at the year-end	
						Current Year	Previous Year

Sr. No.	Items / Particulars	Details
12.	Whether the facility is a consortium facility or a facility made on multiple bank basis	
13.	If Consortium-	
	(a) names of participating banks with their respective shares	
	(b) name of the Lead Bank in Consortium	
14.	If on multiple banking basis, names of other banks	
15.	Has the branch classified the facility under the Credit Rating norms in accordance with the guidelines of the controlling authorities of the bank	
16.	(a) Details of verification of primary security and evidence thereof	
	(b) Details of valuation and evidence thereof	

Date of Verification	Nature of Security	Value	Valuation done by
Insured for Rs. _____ (expiring on _____)			

Sr. No.	Items / Particulars	Details
17.	(a) Details of verification of collateral security and evidence thereof	
	(b) Details of valuation and evidence thereof	

18.	Give details of the Guarantee in respect of the facility	
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Sr. No.	Items / Particulars	Details
	(a) Central Government Guarantee	
	(b) State Government Guarantee	
	(c) Bank Guarantee or Financial Institution Guarantee	
	(d) Corporate / Personal / Other Guarantee	
	Provide the date, validity and value of the above Guarantees.	
19.	Compliance with the terms and conditions of the sanction	

Terms and Conditions		Compliance
<b>(i)</b>	<b>Primary Security</b>	
	a) Charge on primary security	
	b) Mortgage of fixed assets	
	c) Registration of charges with Registrar of Companies	
	d) Insurance with date of validity of Policy	
<b>(ii)</b>	<b>Collateral Security</b>	
	a) Charge on collateral security	
	b) Mortgage of fixed assets	
	c) Registration of charges with Registrar of Companies	
	d) Insurance with date of validity of Policy	
<b>(iii)</b>	Guarantees - Existence and execution of valid Guarantees.	
<b>(iv)</b>	Asset coverage to the branch based upon the arrangement (i.e., consortium or multiple-bank basis)	
<b>(v)</b>	<b>Others</b>	

	(a)	Submission of Stock Statements / Quarterly Information Statements and other Information Statements	
	(b)	Last inspection of the unit by the branch officials: Give the date and details of errors/omissions noticed	
	(c)	In case of consortium advances, whether copies of documents executed by the company favouring the consortium are available	
	(d)	Any other area of non-compliance with the terms and conditions of sanction	

20.	Key financial indicators of the borrower for the last two years and projections for the current year	
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Indicators	Audited Year ended 31 <sup>st</sup> March	Audited Year ended 31 <sup>st</sup> March	Projections for Current Year
Turnover			
Increase in turnover % over previous year			
Profit before depreciation, interest and tax			
Less: Interest			
Net Cash Profit before tax			
Less: Depreciation			
Less: Tax			
Net Profit after Depreciation and Tax			
Net Profit to Turnover Ratio			
Capital (Paid-up)			
Reserves			

Net Worth			
Turnover to Capital Employed Ratio (The term capital employed means the sum of Net Worth and Long Term Liabilities)			
Current Ratio			
Stock Turnover Ratio			
Total Outstanding Liabilities / total Net Worth Ratio			
In case of listed companies, market value of Share?			
(a) High (b) Low (c) Closing			
Earnings Per Share			
Whether the accounts were audited? If yes, up to what date; and are there any audit qualifications			

21.	Observations on the operations in the account	
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<b>Particulars</b>	<b>Excess over drawing power</b>	<b>Excess over limit</b>
1. No of occasions on which the balance exceeded the drawing power/sanctioned limit (give details)		
Reasons for excess drawings, if any		
Whether excess drawing were reported to the Controlling Authority and approved		

	<b>Debit Summation (Rs. in crore)</b>	<b>Credit Summation (Rs. in crore)</b>
2. Total summation in the account during the year Less : Interest Balance		

<b>Sr. No.</b>	<b>Items / Particulars</b>	<b>Details</b>
22.	Adverse observations in other audit reports / Inspection Reports / Concurrent Auditor's Report / Stock Audit Report / Special Audit Report or RBI inspection with regard to :	
	(a) Documentation	
	(b) Operations	
	(c) Security/Guarantee	
	(d) Others	
23.	Branch Manager's overview of the account and its operations	
24.	(a) In case the borrower has been identified / classified as NPA during the year, whether any unrealised income including income accrued in the previous year has been accounted as income, contrary to the income recognition norms.	
	(b) Whether any action has been initiated towards recovery in respect of accounts identified / classified as NPA.	

Date, Signature and Seal of Branch In-Charge



### **Important Check Points for closing of books on 31<sup>st</sup> March 2026.**

1. Negative balances of GL and PL have been rectified/ verified.
2. GL HO interest receivable is tallying with PL HO interest earned (Subsidies).
3. PWO collection account FINACLE code no.63001001 and PWO receivable account FINACLE code no.73001001 are tallied.
4. Return no.4 has been prepared in advance and ensure that amount reported under Ret. No.4 is tallying with FINACLE code 61001001 and 71001001.
5. Provision for all the expenses due but not paid has been made and all the accrued income has been booked specially entry for prepaid expenses has been passed.
6. Special debit account is scrutinized and there is no outstanding entry of high value amount.
7. GL Suspense account Law charges FINACLE code no 26501006 is nil.
8. GL Stationery FINACLE code no.26301001 is NIL **for branches.**
9. In all sensitive accounts, which are reported in return no.7, the outstanding amount above 3 years, 2years (NOSTRO accounts) and 6 months (LMO/LBO accounts) has been worked out correctly.
10. Branches to mark '870' in special category code in FINACLE against all fraud related advance accounts.
11. All the certificates have been prepared and relevant details / information is available for verification by Auditors.
12. All the information relating to LFAR is arranged.
13. All the important records viz. last inspection report, insurance register, valuation report, last year's audited closing returns, sanction files, security documents, mortgage register etc. are readily available.
14. Keep ready the report generated from FINACLE containing the list of guarantees, LCs, BP, BD etc as on 31.03.2026 on 01.04.2026

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